California Certificate of Registration — Lender



STATE BOARD OF EQUALIZATION

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Frequently Asked Questions

Who must obtain a Certificate of Registration — Lender?

You must obtain a *Certificate of Registration* — *Lender*

- If you wish to claim a deduction for bad debt losses on account receivables found to be worthless, and
- If the account receivables were acquired from a retailer that previously paid the sales and/or use tax, on the sale of tangible personal property.

A lender may be a person who purchased or holds an account receivable acquired without recourse from a retailer. The retailer must have previously reported California sales or use tax on the sale of tangible personal property for which credit was extended to the buyer. A "lender" does not need to be a person already registered with the Board.

In cases where a retailer, who already holds a seller's permit, purchases an account receivable from another retailer, the purchasing retailer must also register as a "Lender" if they want to claim the "Bad Debt-Lender Loss" deduction. The certificate is issued once a completed application has been submitted to the Board. To apply for a certificate, please complete and submit the application provided on page 5.

After I complete my application, will I receive a certificate?

If you do not hold a California seller's permit, you will be issued a Certificate of Registration — Lender with a new permit account number.

If you hold a California seller's permit, you will be issued a Certificate of Registration — Lender using the same number as your seller's permit. Your seller's permit account will be updated to reflect the fact that you are a lender.

Are there any other requirements before I can file a claim?

To claim deductions for bad debt losses or claim a refund of sales or use tax for bad debt losses you must first file an election agreement (see Regulation 1642 for requirements).

Is there a charge for the certificate?

No, there is no charge for the certificate. However, if you also plan to register as a retailer in the State of California, you may be required to post a security deposit. Security deposits are applied against any unpaid taxes that may be owed at the time a business closes.

Is information regarding my account subject to public disclosure?

Your records are generally covered by state laws that protect your privacy. However, some records are subject to public

disclosure, such as the information on your certificate, names of owners, or corporate officers, your business address, and your certificate status. See also the disclosure information on the back page.

Why do you need to verify my driver's license number?

This is required to ensure the accuracy of the information provided and to protect you against fraudulent use of your identification.

What are my rights and responsibilities as a certificate holder?

When you obtain a *Certificate of Registration* — *Lender*, you acquire certain rights and responsibilities. For example,

- You must keep records to substantiate your claimed bad debt lender deductions and/or subsequent recoveries reported on your returns. If you are a retailer as well as a lender, you must also substantiate your sales and deductions claimed on your returns, as well as any purchases you have made for your business. You must retain the election agreement and you must keep your records for four years.
- You must file returns on or before the last day of the month following the close of your reporting period. You must file a return even if you have no bad debt lender losses to claim or bad debt recoveries to report. Retailers who are also lenders must also file a tax return even if they have no tax to report or bad debt lender losses.
- You must notify the Board if you move, change ownership of, or sell your business. Your account is valid only at the address and for the type of ownership specified on the application. You should notify the Board of any change in ownership. If you do not, you could be held liable for the continuing business taxes. In addition, you should immediately notify us in writing if you discontinue your business. Your notification will help us to close your account and return any security you may have on deposit.
- You should notify us immediately if you drop or add a partner. This may protect former partners from tax liabilities incurred by the business after the partnership change.

If you have questions about information contained in this application, please contact one of our offices listed on page 4.



Message from the **Executive Director**

We appreciate the fact that as the operator of a business, you may be responsible for a variety of obligations, such as payroll taxes, insurance, and employee benefits — all of which have their own rules and procedures to follow.

For that reason, we want to make it as easy as possible for you to work with us. As you can see on page 7, we provide many services to help you with your questions.

If you are unable to find the answers you need, please call our Information Center. Our trained representatives will be glad to help.

Lance E. Spend

Step 1: Complete Your Application

Fill out and return the application provided on page 5. The application is perforated to make it easy to remove. Be sure to refer to the "Tips" on page 4 as you complete your application. If you need assistance, please call our Information Center, 1-800-400-7115.

Be sure to provide all the information required for your certificate. If you do not, this will delay the issuance of a certificate.

Step 2: Send It in for Processing

If you have not been instructed to return your application to our Information Center in Sacramento, you should send or take it to the district office nearest your place of business. If you need a district office address, call our Information Center, 1-800-400-7115, or visit our Internet site, www.boe.ca.gov. If you plan to travel to a district office, you should call ahead to find out when they are open.

Make a copy of your application for your files.

Step 3: After Your Application Has Been Approved

You should receive your certificate in approximately two weeks after we have received your application, assuming your application is complete. There is no charge for the certificate.

Based on the information on your application, you will be given regulations, forms, and other publications that may apply to your business.

If you are applying for a Certificate of Registration — Lender and are not a registered retailer, you may be required to file returns on a quarterly basis. If you are a retailer, already registered as a seller your filing basis will not change.

Once you are registered you must submit your election agreement(s) to the Board. You may then claim your bad debt lender losses and recoveries on your tax returns.

INFORMATION CENTER 1-800-400-7115

FOR TDD ASSISTANCE

From TDD phones: 1-800-735-2929 From voice phones: 1-800-735-2922

DISTRICT OFFICE FOR OUT-OF-STATE ACCOUNTS

916-227-6600

FIELD OFFICES

CALL FOR ADDRESSES

City	Area Number			
,	Code			
Bakersfield	661	395-2880		
Culver City	310	342-1000		
El Centro	760	352-3431		
Eureka	707	445-6500		
Fresno	559	248-4219		
Kearny Mesa	858	636-3191		
Laguna Hills	949	461-5711		
Norwalk	562	466-1694		
Oakland	510	622-4100		
Rancho Mirage	760	346-8096		
Redding	530	224-4729		
Riverside	909	680-6400		
Sacramento	916	227-6700		
Salinas	831	443-3003		
San Diego	619	525-4526		
San Francisco	415	703-5400		
San Jose	408	277-1231		
San Marcos	760	510-5850		
Santa Ana	714	558-4059		
Santa Rosa	707	576-2100		
Stockton	209	948-7720		
Suisun City	707	428-2041		
Torrance	310	516-4300		
Van Nuys	818	904-2300		
Ventura	805	677-2700		
West Covina	626	480-7200		

Tips for Filling Out Your Application Section I: Ownership Information

Items 1-17: Type of Ownership and Owner Information

All applicants. You must provide the information requested for each type of owner (for example, for each partner, manager, corporate officer, and so forth). Attach additional sheets if necessary.

All partnerships. Partnerships should provide a copy of their written partnership agreement, if one exists. If you file your agreement with us at the time you apply for a permit and your agreement specifies that all business assets are held in the name of the partnership, the law requires the Board to attempt to collect any delinquent tax liability from the partnership assets before it attempts to collect from the partners' personal assets. You should notify us immediately if you add or drop partners (see page 2).

All limited liability companies (LLCs): You must provide copies of your Articles of Organization.

Item 8, 9, 14, 15: Driver License/Social Security Number

You must provide your Social Security number and driver license or California Identification Card number. You must also provide a copy of your driver license or California Identification Card. This information is kept in strictest confidence.

Section II: Business Information

As a lender completing this application, you may note that some information requested does not pertain to your business operation. In those instances, please enter "none" or "does not apply" in the appropriate space.

Item 24: Retailer — Provide Seller's Permit Number

If you are currently a registered retailer, please provide your curent seller's permit number.

Item 25: Ownership Changes

If you purchased an existing business, we need to know the previous owner's name and account number. To make sure you won't have to pay the previous owner's unpaid taxes, you should write to us and request a tax clearance before you buy.

If you are changing from one type of business organization to another (for example, from a sole owner to a corporation or from a partnership to a limited liability company), provide the previous owner's name and account number.

Certification

Be sure to sign your application before you mail it in. As indicated on the application, only certain persons are authorized to sign the form.

—tear at dotted line —

Use additional sheets to include information for more than two individuals.

SECTION I: OWNERSHIP INFORMATION		FOR BOARD USE ONLY				
PLEASE CHECK TYPE OF OWNERSHIP/ENTITY	TAX			NUMBER		
☐ Sole Owner ☐ Husband/Wife Co-ownership	174	IND	OTTIOE	NOMBER		
☐ Corporation ☐ Limited Liability Partnership (LLP) (Registered						
Limited Partnership (LP) Limited Partnership (LP) Limited Liability Partnership (LEF) (negistered to practice law, accounting or architecture)	BUSINESS	CODE		AREA CODE		
_	APPLICATION PROCESSED BY			VERIFICATION:		
U Other (describe)				□ DL □ Other		
2. ENTER FULL NAME OF CORPORATION, LP, LLP, LLC PARTNERSHIP OR UNINCORPORATED BUS	SINESS TRUS	ST T	3. FEDERAL EMPLOYER	R IDENTIFICATION NUMBER (FEIN)		
4. CORPORATE, LP, LLP, OR LLC NUMBER FROM CALIFORNIA SECRETARY OF STATE 5. STATE OF			5. STATE OF INCORPOR	INCORPORATION OR ORGANIZATION		
CHECK ONE	Benef	iciary	☐ Partner ☐ S	Sole Owner or Co-Owner		
6. FULL NAME (first, middle, last)			7. TITLE			
8. SOCIAL SECURITY NUMBER (corporate officers excluded) 9. DRIVER LIG			9. DRIVER LICENSE NUI	ENSE NUMBER (attach verification)		
10. RESIDENCE ADDRESS (street, city, state, zip code)			11.1	RESIDENCE TELEPHONE NUMBER		
			()			
	Ben	eficiary	☐ Partner ☐	Co-Owner		
12. FULL NAME (first, middle, last)			13. TITLE			
14. SOCIAL SECURITY NUMBER (corporate officers excluded)			15. DRIVER LICENSE NU	JMBER (attach verification)		
16. RESIDENCE ADDRESS (street, city, state, zip code)			17. RESIDENCE TELEPHONE NUMBER			
CECTION III. PUBLINESS INFORMATION		.,		,		
	neck nere	if you		py of your partnership agreement		
18. BUSINESS NAME [DBA] (complete if different than entity name)			19. PARTNERSHIP NAME (if any)			
20. BUSINESS ADDRESS (street, city, state, zip code) [do not list P.O. Box or mailing service]			21.5	BUSINESS TELEPHONE NUMBER		
20. BOSINESS ADDRESS (street, city, state, zip code) (ad not list P.O. Box or mailing service)			()			
22. MAILING ADDRESS (street, city, state, zip code) [if different from business address]			23. FAX NUMBER			
24. RETAILER — PROVIDE SELLER'S PERMIT NUMBER				,		
25. OWNERSHIP CHANGES						
Are you changing from one type of business organization to another (for	or examp	le. fror	n a sole owner to	a corporation or from a		
partnership to a limited liability company, etc.)?	-		e items 26 and 27			
Other:						
Are you buying an existing business? \square Yes \square No \square If yes, or	complete	items	26 and 27 below.			
26. FORMER OWNER'S NAMES			27. FORMER OWNER'S PERMIT NUMBER			
28. NAME & LOCATION OF BANK OR OTHER FINANCIAL INSTITUTION (note whether business or personal)			29. ACCOUNT NUMBER(S)			

SECTION III: BOOKS AND RECO	RDS					
30. PHYSICAL ADDRESS WHERE BOOKS AND REC	ORDS, SUITABLE FOR AUDIT PURPOSES ARE	MAINTAINED				
31. NAME, ADDRESS AND TELEPHONE NUMBER (OF PERSON MAINTAINING YOUR RECORDS					
32. OTHER BOARD ACCOUNT NUMBERS						
33. CALIFORNIA LOCATIONS (Address)	FUNCTION (Warehouse, Service, etc.)	TELEPHONE NUMBER	INVENTORY	SALES NEGOTIATED FROM LOCATION		
34. LIST OF MAJOR ASSIGNEES OF ACCOUNTS						
	All owners and member					
I am duly authorized to sign the ap	olication and certify that the stateme	nts made are correct to	o the best of my knowl	edge and belief. I also		
represent and acknowledge th	at the applicant will be engaged in o	r conduct businesses a	as a seller of tangible p	ersonal property.		
TVAINE (typed of printed)						
SIGNATURE		DATE				
UN	FOR BOARD (JSE ONLY				
REPORTING BASIS	Furnished to	Taxpayer				
REPORTING BASIS		FORMS	PI	JBLICATIONS		
SECURITY REVI	EW BC	☐ BOE-8 ☐ BOE-519		3		
☐ BOE-598 \$	□ ВО	E-162				
☐ BOE-1009	□ во	E-467				
SECURITY REVIEW MADE BY	□ во	E-1241-D				
				RETURNS		
		REGULATIONS				
	☐ RE	G. 1642 🗌 REG. 1	698			
	□RE	G. 1700				
Permit Issued Date						
Jillik lobaca Dale						

Where Can I Get Help?

No doubt you will have questions about how the Sales and Use Tax Law applies to your business operations. For assistance, you may take advantage of the resources listed below.

INFORMATION CENTER 1-800-400-7115

FOR TDD ASSISTANCE

From TDD phones: 1-800-735-2929 From voice phones: 1-800-735-2922

Customer service representatives are available from 8 a.m. through 5 p.m., Monday-Friday, excluding State holidays.

Fax-Back Service. To order fax copies of selected forms and notices, call 1-800-400-7115 and choose the automated services option. You can call at any time for this service.

TRANSLATOR SERVICES

We can provide bilingual services for persons who need assistance in a language other than English.

WRITTEN TAX ADVICE

It is best to get tax advice from the Board in writing. You may be relieved of tax, penalty, or interest charges if we determine you did not correctly report tax because you reasonably relied on our written advice regarding a transaction.

For this relief to apply, your request for advice must be in writing, identify the taxpayer to whom the advice applies, and fully describe the facts and circumstances of the transaction.

Send your request for written advice to: State Board of Equalization; Public Information and Administration Section; P.O. Box 942879, MIC:44; Sacramento, CA 94279-0044.

CLASSES

You may enroll in a basic sales and use tax class offered by some local Board offices. You should call ahead to find out when your local office conducts classes for beginning sellers.

INTERNET www.boe.ca.gov

Our website includes lots of useful information. For example, you can find out what the tax rate is in a particular county, or you can download numerous publications — such as laws, regulations, pamphlets, and policy manuals that will help you understand how the law applies to your business. You can also verify sellers' permit numbers on-line, read about upcoming Taxpayers' Bill of Rights hearings, and obtain information on Board field office addresses and telephone numbers.

Another good resource — especially for starting businesses — is the California Tax Information Center at www.taxes.ca.gov.

TAXPAYERS' RIGHTS **ADVOCATE OFFICE**

If you would like to know more about your rights as a taxpayer or if you are unable to resolve an issue with the Board, please contact the Taxpayers' Rights Advocate office for help. Call 916-324-2798 (or toll-free, 1-888-324-2798). Their fax number is 916-323-3319.

If you prefer, you can write to them at the following address: Taxpayers' Rights Advocate; State Board of Equalization; 450 N Street, MIC:70; P.O. Box 942879; Sacramento, CA 94279-0070.

To request a copy of publication 70, The California Taxpayers' Bill of Rights, call the Information Center or visit our Internet site.

FIELD OFFICES

See page 4.

Sales and Use Tax Privacy Notice Information Provided to the Board of Equalization

We ask you for information so that we can administer the state's sales and use tax laws (Revenue and Taxation Code sections 6001-7176, 7200-7226, 7251-7279.6, 7285-7288.6). We will use the information to determine whether you are paying the correct amount of tax and to collect any amounts you owe. You must provide all of the information we request, including your social security number (used for identification purposes [see Title 42 U.S. Code sec.405(c)(2)(C)(i)]).

What happens if I don't provide the information?

If your application is incomplete, we may not issue your seller's permit or use tax certificate. If you do not file complete returns, you may have to pay penalties and interest. Penalties may also apply if you don't provide other information we request or that is required by law, or if you give us fraudulent information. In some cases, you may be subject to criminal prosecution.

In addition, if you don't provide information we request to support your exemptions, credits, exclusions, or adjustments, we may not allow them. You may end up owing more tax or receiving a smaller refund.

Can anyone else see my information?

Your records are covered by state laws that protect your privacy. However, we may share information regarding your account with certain government agencies (see list on reverse). We may also share certain information with companies authorized to represent local governments.

Under some circumstances we may release to the public the information printed on your permit, account start and closeout dates, and names of business owners or partners. When you sell a business, we can give the buyer or other involved parties information regarding your outstanding tax liability.

With your written permission, we can release information regarding your account to anyone you designate.

We may disclose information to the proper officials of the following agencies, among others:

- United States government agencies: U.S. Attorney's Office; Bureau of Alcohol, Tobacco and Firearms; Depts. of Agriculture, Defense, and Justice; Federal Bureau of Investigation; General Accounting Office; Internal Revenue Service; Interstate Commerce Commission
- State of California government agencies and officials: Air Resources Board; Dept. of Alcoholic Beverage Control; Auctioneer Commission; Dept. of Motor Vehicles, Employment Development Department; Energy Commission; Exposition and Fairs; Dept. of Food and Agriculture; Board of Forestry; Forest Products Commission; Franchise Tax Board; Dept. of Health Services; Highway Patrol; Dept. of Housing and Community Development; California Parent Locator Service
- State agencies outside of California for tax enforcement purposes
- City attorneys and city prosecutors; county district attorneys, police and sheriff departments.

Can I review my records?

Yes. Please contact your closest Board office (see the white pages of your phone book). If you need more information, you may contact our Disclosure Office in Sacramento by calling 916-445-2918. You may also want to obtain publication 58-A, *Inspecting and Correcting Your Records*. You may order a copy from our Information Center: 1-800-400-7115 or download it from the Internet: www.boe.ca.gov (look under "Forms and Publications").

Who is responsible for maintaining my records?

The deputy director of the Sales and Use Tax Department, whom you may contact by calling (916) 445-6464 or writing at the address shown.

Deputy Director, Sales and Use Tax Department MIC:43 450 N Street Sacramento, CA 95814